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USDA DONATIONS INCREASE

The Dairy Situation, Economic Research Service USDA, March, 1968

Although total donations of dairy products increased in 1967, domestic and export sales were negligible. Domestic donations to school lunch and welfare programs, which were sharply above 1966 levels, accounted for most of the 1967 USDA utilization of butter and cheese. Moreover, relatively large uncommitted stocks and anticipated substantial purchases of butter and cheese suggest that USDA's 1968 domestic donations of butter and cheese likely will remain above year-earlier levels. However, nonfat dry milk donations are estimated at 116 million pounds, down from 127 million in 1966. The decline likely is due to the extension of the Food Stamp Program to an increased number of areas.

In December 1967, USDA announced that 30 million pounds of butter, 5 million pounds of cheese, and 300,000 pounds of nonfat dry milk are being donated for military use in 1968 (under provisions of Section 202 of the Agricultural Act of 1949). Donations of CCC butter to the Armed Services were discontinued in 1966, as CCC stocks were depleted.

As in 1966, domestic and foreign donations of butter and cheese in 1967 continued at negligible levels. In February 1968, contracts were

made for processing CCC-owned butter into butteroil and ghee for foreign donation, and USDA asked others to can CCC-owned butter for foreign donation.

Total donations of CCC nonfat dry milk increased to 478 million pounds in 1967. Slightly lower domestic donations were more than offset by increased foreign donations. But foreign sales in 1967 declined further from low 1966 levels.

In early January, USDA announced that nonfat dry milk again will be offered for export sale. Export sales had been suspended in February 1966 when CCC stocks were entirely committed.

American exporters wishing to supply nonfat dry milk to foreign buyers under Title I of P.L. 480 can purchase CCC-owned nonfat dry milk at announced prices. CCC also offers nonfat dry milk at the same prices to exporters for processing in plants owned in whole or in part by U.S. companies engaged in the manufacture of dairy products overseas. The program was opened with an announced price of 11 cents per pound at the nearest available port to the point where the nonfat dry milk is stored. Sales through February 23 under this program were small.

Milk Consumption May Rise In 1968

The Dairy Situation, Economic Research Service
USDA March, 1968

Domestic consumption of milk in all dairy products may rise somewhat in 1968 from the low 1967 levels. Reasons are: (1) Prospective substantial increases in CCC donations of butter and cheese; (2) rising population; (3) less retail price rise than in 1967; and (4) continuing increases in employment and wages.

Preliminary estimates for 1967 put domestic consumption of milk in all fluid and manufactured products combined at 116.5 billion pounds (milk equivalent, fat solids basis), down about 2 percent from 1966. Total domestic sales likely decreased about 4 percent to around 110 billion pounds. Farm household use of home-produced milk declined, but CCC donations increased. Per capita civilian consumption of milk in all products was estimated at 584 pounds, down 3 percent from 1966.

An estimated 57.1 billion pounds of milk were consumed domestically as fluid milk and cream products, about 3 percent less than in 1966. Sales of fluid whole milk and cream dropped. Use of home-produced milk in farm households continued to trend downward.

Total consumption of milk manufactured dairy products was about
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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$5.00	\$5.16	\$4.87
Class I (3.5%)	5.60	5.60	5.50
Class II (3.5%)	4.11	3.91	3.91
Producer Butterfat Differential for each one-tenth percent	7.9¢	9.0¢	8.9¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	75.9	77.9	75.3
Percent of Producer Butterfat in Class I	68.4	68.3	69.1
Percent of Producer Milk in Class II	24.1	22.1	24.7
Percent of Producer Butterfat in Class II	31.6	31.7	30.9

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	48,115,156	48,352,041	47,113,195
Average Daily Class I Producer Milk	1,227,291	1,225,421	1,223,760
Total Number of Producers	1,608	1,643	1,540
Average Daily Receipts per Producer	997	949	1,020
Average Butterfat Test	3.75	3.88	3.75
Total Value of Producer Milk at Test	\$2,613,368	\$2,658,754	\$2,493,757
Income per Producer (7 Day Average)	\$379	\$365	\$377

GROSS CLASS USE (Pounds)

Class I Skim	35,304,249	36,406,457	34,257,682
Class I Butterfat	1,236,441	1,280,898	1,222,814
Class I Milk	36,540,690	37,687,355	35,480,496
Class II Skim	11,004,405	10,070,492	11,086,680
Class II Butterfat	570,061	594,194	546,019
Class II Milk	11,574,466	10,664,686	11,632,699

AVERAGE DAILY SALES (Quarts)

Milk	408,171	413,654	414,782
Buttermilk	5,600	5,304	5,825
Chocolate	32,233	32,042	31,754
Skim	13,765	12,389	12,200
Cream	6,215	6,151	6,823

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



APRIL, 1959 - '68

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569
1961	28,736,091	3.80	79.2	7.5	2.1	11.2	3.79	4.328	3.928	3.729	3.119	1,243	771
1962	33,768,621	3.82	75.7	7.9	3.6	12.8	3.65	4.22	3.899	3.617	2.997	1,317	855
1963	38,742,885	3.77	74.2	7.9	4.0	13.9	3.55	4.10	3.713	3.605	2.985	1,381	935
1964	41,344,881	3.77	72.8	6.2	3.2	17.8	3.73	4.16	3.728	3.623	3.003	1,344	1,025
1965	46,055,974	3.78	78.7	21.3	—	—	3.98	4.47	3.170	—	—	1,654	928
1966	46,416,326	3.76	81.0	19.0	—	—	4.58	5.13	3.47	—	—	1,575	982
1967	47,113,195	3.75	75.3	24.7	—	—	4.87	5.50	3.91	—	—	1,540	1,020
1968	48,115,156	3.75	75.9	24.1	—	—	5.00	5.60	4.11	—	—	1,608	997

Trend To Fewer But Bigger Herds

The Dairy Situation, Economic Research Service USDA March, 1968

During the past 25 years the average size of herd has increased rapidly. The rise has been due to a decline in the proportion of small herds and a rise in the proportion and number of those with more than 30 cows. The proportion of total milk cows and of total milk marketings accounted for by the larger herds has increased more rapidly than their number. In 1964, herds with 30 or more cows were 13 percent of all dairy

herds, but included over half of the milk cows and marketed almost two-thirds of total milk sales. On the other hand, the 60 percent of all dairy herds with fewer than 10 cows sold only 3 percent of the total milk marketed by farmers.

Among major reasons for these changes are technological innovations in production and marketing that increase economics of scale. In many cases, labor problems or a desire to

reduce labor requirements have brought about large investments in labor-saving buildings and equipment, in order to keep down the amount of labor.

About 641,000 farms sold milk and cream in 1964. Based on Agricultural Research Service brucellosis ring test data and Census trends, an estimated 460,000 farms were selling milk and cream at the end of 1967. The commercial dairy farms (those with annual sales of \$2,500 or more. Includes farms with sales of \$50 to \$2,499 if operator was under 65, and: (1) He did not work off the farm 100 or more days; and (2) farm income exceeded nonfarm income. For commercial dairy farms, dairy products account for 50 percent or more of total sales.) 367,000 in 1964, are declining at less than half the rate of all farms selling milk and cream, and those with \$10,000 in sales increased 20 percent from 1959 to 1964. These farms accounted for 89 percent of the milk and cream sales from farms in 1964.

The decline in dairy farm numbers apparently slowed somewhat in 1967 from the rapid rate in 1965 and early 1966. However, average production per farm continued upward. Average dairy milk deliveries of producers in Federal order markets rose to 1,056 pounds in 1967, a gain of about 19 percent from 1964.

Dairy Stocks Above Year Earlier

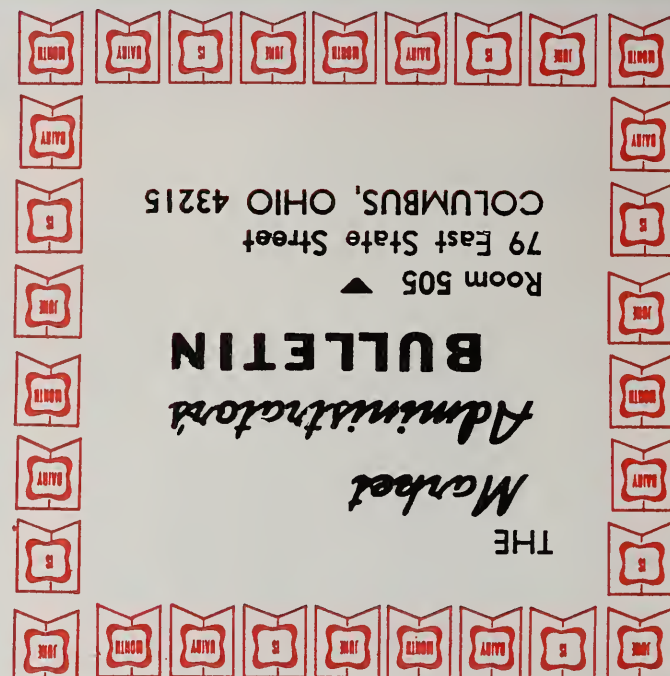
The Dairy Situation, Economic Research Service USDA, March, 1968

Stocks of dairy products at the end of the 1967-68 marketing year are expected to be above the 5.5 billion pounds (milk equivalent) of a year earlier, despite the small cutback in milk production. Because commercial disappearance of milk in all products is down in 1967-68, more milk is going into butter, American cheese, and nonfat dry milk. CCC purchases of these products have risen. Accordingly, Government stocks are expected to be larger.

On the other hand, commercial stocks of dairy products have been running below a year earlier, because production of most dairy products has been ample relative to commercial requirements. Therefore, commercial firms have had little need to hold large dairy stocks. Year end butter stocks in 1967 were the lowest

recorded, except for a year during World War II. Commercial firms likely will keep butter and other dairy product stocks low through the spring months, because they can be replenished during the flush production months, May-July.

Stocks of butterfat-sugar mixtures were reported to be 76.9 million pounds on July 1, 1967, and 50.6 million pounds on November 1, 1967. No later or more current stock data for this product has been reported. Based on these stock figures and July-October imports, the average utilization from July to October was about 8½ million pounds per month. Because imports now are sharply restricted, this rate would cause the 50.6 million pounds on hand November 1 to be utilized in about 6 months —by May or June of this year.



Fluid Milk Container Trends

The Dairy Situation, Economic Research Service
USDA, March, 1968

Earlier trends toward increased sales of fluid milk in larger-size single-use containers and rising wholesale sales of fluid milk are continuing in 68 Federal order markets.

In November 1966, 68 percent of fluid milk sales were in paper containers, while the use of glass containers declined to 24 percent of sales. Although the trend has been toward increased use of paper containers on both wholesale and home-delivery routes, glass containers still are important for home delivery. Sales in plastic type containers were relatively small in 1966, but they have shown sizeable percentage gains during recent years. Sales in plastic rose from 3 percent of all fluid milk sales in 1964 to 6 percent in 1966. About half of this gain was from increased use of rigid plastic containers (mostly gallons) and about half from larger sales of plastic bag-in-box containers.

Plastic containers are relatively new. Although most rigid plastic containers are nonreturnable, reusable plastic containers have become available and have been adopted in some areas. More widespread use of reusable plastic containers depends largely on approval by health author-

Market Quotations

APRIL
1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.18
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.11
Average Price per lb. 92-score butter at Chicago	.6644
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.2196

ities, but also on the relative costs of plastic, paper, and glass containers.

Once the most common size of fluid milk container, only about 11 percent of sales now are in quarts. The shift in recent years has been to the gallon container on wholesale and the half-gallon on home-delivery routes. Bag-in-box containers are relatively new. They are being used by some dealers to replace metal cans on wholesale routes, and some dealers are using them on home-delivery routes in an attempt to increase sales.

In November 1966, about 75 percent of fluid milk sales was made through wholesale outlets, mainly stores, but including substantial amounts through restaurants, institutions, and vendors. About 25 percent was delivered to homes. The trend to more sales at wholesale has been a major factor in the shift from quarts to gallons and half-gallons, and from glass to paper containers.

Milk Consumption . . .

(Continued from Front Page)

59.4 billion pounds, a decline of about 2 percent from 1966. CCC donations of butter, cheese, and nonfat dry milk for domestic consumption were the equivalent of 3.0 billion pounds of milk compared with 1.1 billion in 1966. These increased donations offset much of the drop in commercial disappearance.

Milkfat consumption fell to an estimated 4.3 million pounds, down 2½ percent from 1966, in line with the reduced total use of milk. Last year 94 percent of total milkfat supplies was used for domestic food consumption, the same as in 1966. The balance was fed to livestock, exported, and added to stocks.

Total domestic use of milk solids-not-fat fell to 7.8 billion pounds from the 8.0 billion in 1966. Domestic use for food was 74 percent of supplies in 1967 compared with the record 75 percent in 1966.